

Message Text

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ACTION AF-10

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC IMMEDIATE 4641

C O N F I D E N T I A L LAGOS 12652

E.O. 11652: GDS

TAGS: ESTC, PGOV, NI

SUBJECT: NIGERIAN BOYCOTT AGAINST FIRMS DEALING WITH SOUTH AFRICA

REF: LAGOS 12180

1. AT A PRIVATE MEETING WITH TOP REPRESENTATIVES OF THE NIGERIAN CHAMBER OF COMMERCE ON NOVEMBER 1, CHIEF OF STAFF YAR'ADUA EXPRESSED A RENEWED HARDLINE VIEW ON THE BOYCOTT ISSUE. HE AFFIRMED THAT THE FMG WOULD HANDLE ITS BOYCOTT POLICY AS CAREFULLY AS POSSIBLE SO AS TO CAUSE THE LEAST POSSIBLE DAMAGE TO NIGERIA'S ECONOMY. AT THE SAME TIME, HOWEVER, YAR'ADUA EMPHASIZED HIS CONVICTION THAT MULTI-NATIONAL COMPANIES WERE SUPPORTING THE APARTHEID REGIME. SUFFICIENTLY STRONG MEASURES HAD TO BE TAKEN TO STOP THIS.

2. ALTHOUGH THE SPECIAL COMMITTEE FORMED TO SHAPE POLICY AND TACTICS HAD NOT YET ISSUED ANY REPORT, YAR'ADUA SAID THAT THE FMG HAD ALREADY DETERMINED A POLICY FOR THREE CATEGORIES OF COMPANIES:

(A) FIRMS WITH EXISTING INVESTMENT IN NIGERIA AND SOUTH AFRICA- IN ORDER TO CONTINUE INVESTMENT OR TRADE IN NIGERIA, THESE WOULD BE REQUIRED TO STATE THAT THEY WOULD NOT MAKE ANY FURTHER INVESTMENT IN SOUTH AFRICA; IN ADDITION, THEY MUST AGREE TO WITHDRAW THEIR INVESTMENT OVER A PERIOD OF YEARS.

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(B) FIRMS WITH INVESTMENT IN NIGERIA WITHOUT ANY "SOUTH AFRICAN ASSOCIATION" -- THESE MUST CONTINUE TO "KEEP OUT" OF SOUTH AFRICA

(C) FIRMS WHICH AS YET HAVE NO INVESTMENT IN NIGERIA -- THESE WILL BE ALLOWED TO INVEST HERE ONLY UPON THEIR PROMISE TO TERMINATE EQUITY OWNERSHIP IN SOUTH AFRICA.

3. IN HIS REMARKS, YAR'ADUA POINTED OUT THAT NONE OF THE ABOVE CONDITIONS WOULD APPLY TO FIRMS SELLING TECHNICAL KNOW-HOW TO NIGERIA EITHER IN THE PUBLIC OR PRIVATE SECTOR. HE CONCLUDED THE MEETING BY ASKING HIS LISTENERS TO GO FORTH AND RELATE HIS VIEWS TO ALL THEIR BUSINESS CONTACTS.

4. COMMENT: YAR'ADUA'S PRESENTATION IS IN CONTRAST TO THE INCREASINGLY MILD, RESTRAINED APPROACH EVIDENT IN GOVERNMENT AND PRIVATE CIRCLES IN THE LAST TWO WEEKS. THE EMBASSY'S OWN CONTACTS WITH THE SPECIAL COMMITTEE HAVE SEEN A PROGRESSIVE EASING OF THE ORIGINAL "IT'S THEM OR US" THEME. RESPONSIBLE OFFICIALS HAVE EXPRESSED SUCH STATEMENTS AS "THE ISSUE IS VERY COMPLEX. IT MUST BE THOUGHT THROUGH VERY CAREFULLY AND SLOWLY", "WE BADLY NEED FOREIGN WESTERN INVESTMENT. A HASTY APPLICATION OF THE BOYCOTT MIGHT SERIOUSLY INJURE THIS", "TELL AMERICAN BUSINESSMEN TO KEEP COOL. AMERICA IS OUR FRIEND AND WE WILL NOT HURT OUR FRIENDS." PUBLICATION DATE FOR REGULATIONS HAS BEEN MOVED BACK INDEFINITELY IN ORDER TO ALLOW NEEDED TIME TO EXAMINE ASPECTS AND RAMIFICATIONS. WE HAVE ALSO HEARD FROM MINISTRIES' SPOKESMEN THAT THERE IS STRONG OPPOSITION FROM HIGH GOVERNMENT LEVELS. PERMSEC JODA OF THE MINISTRY OF INDUSTRIES, FOR EXAMPLE, IS QUOTED AS WARNING THAT INDUSTRIAL INVESTMENT AS A WHOLE WOULD QUICKLY GRIND TO A HALT IF TOUGH INVESTMENT BOYCOTT RESTRICTIONS WERE LEVIED. THE BRITISH HIGH COMMISSION HAS REPORTED SIMILAR INDICATIONS, INCLUDING OPPOSITION FROM A NUMBER OF NORTHERN

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POLITICIANS IN ADDITION TO NIGERIAN BUSINESSMEN AROUND THE COUNTRY. WITH THE NOTABLE EXCEPTION OF THE REFERENCE TO FIRMS SELLING TECHNICAL KNOW-HOW, YAR'ADUA'S WORDS ALSO APPEAR TO BE MORE RIGOROUS THAN THE INFORMAL BUT SIGNIFICANT REMARKS TO JOURNALISTS MADE BY OBASANJO DURING HIS MID-OCTOBER VISIT TO NEW YORK.

5. THE PATTERN OF ACTION DISPLAYED IN THIS CASE SEEMS SIMILAR TO THAT SURROUNDING THE INDIGENIZATION DECREE IN MIE-1976. BOTH ISSUES BEGAN WITH A FAIRLY SIMPLISTIC STATEMENT AGAINST ALLEGEDLY HARMFUL FOREIGN INTERESTS. THE ECONOMIC MINISTRIES AS A WHOLE ARGUED AGAINST EXTREMES IN IMPLEMENTATING THE DECREE, WARNING THAT NIGERIA'S ECONOMIC DEVELOPMENT WOULD SUFFER. IN THE END "THE MILITARY BOYS" IGNORED THE CIVIL SERVANTS'S COUNSEL AND RAMMED THROUGH THEIR RELATIVELY HARDLINE VIEWS TO THE IRRITATION OF THE CIVIL SERVANTS. AN ACTIVE KEY FIGURE IN THE INDIGENIZATION EPISODE WAS YAR'ADUA. HE APPEARS TO BE PLAYING THE SAME ROLE IN THE CURRENT DRAMA.

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